

**CITY OF GREENSBURG, KANSAS**

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**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2011**

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*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

1100 W. Frontview  
P. O. Box 1477  
Dodge City, Kansas 67801  
Tel. (620) 227-3135  
Fax (620) 227-2308  
www.kmc-cpa.com

JAMES W. KENNEDY, CPA  
JAMES R. SHIRLEY, CPA  
LU ANN WETMORE, CPA  
ROBERT C. NEIDHART, CPA  
PATRICK M. FRIESS, CPA  
JOHN W. HENDRICKSON, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor  
and City Council  
City of Greensburg, Kansas

We have audited the accompanying financial statements of the City of Greensburg, Kansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note A to the financial statements, the City of Greensburg, Kansas, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

Further in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Greensburg, Kansas as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Greensburg, Kansas, as of December 31, 2011, and its cash receipts and expenditures, and budgetary results for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2012, on our consideration of the City of Greensburg, Kansas's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greensburg's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Kennedy McKee & Company LLP*

August 21, 2012

# CITY OF GREENSBURG, KANSAS

## SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year ended December 31, 2011

<u>Fund</u>	Beginning unencumbered cash balance (deficit)	Cash receipts
Governmental type funds:		
General	\$ 863,868	\$ 652,528
Special revenue funds - budgeted:		
Big well	356,956	130,994
Fire equipment reserve	70,658	-
Special highway	180,394	25,786
Tourism and convention promotion	56,322	44,262
City tax infrastructure	119,857	168,282
Incubator	288,403	28,365
Special revenue funds - nonbudgeted:		
FEMA tornado	(22,087)	323,360
Tornado donation	705,412	26,774
Tornado insurance	1,175,869	831,935
State aid	32,608	8,372
USDA grant	(58,988)	1,102,831
Community sign	(4,140)	4,140
FEMA loan	2,430	-
Planet green donation	10,517	20
Public building - big well	-	1,000,000
Proprietary type funds:		
Enterprise funds - budgeted:		
Electric utility	688,593	1,479,845
Water utility	3,914	239,155
Sewage disposal	41,977	49,692
Sanitation	155,123	106,968
Enterprise funds - nonbudgeted:		
Electric debt service	-	182,500
Electric debt reserve	100,000	-
Water reserve	17,920	-
Water principal and interest	26,441	91,413
Sewer replacement	28,192	-
Sanitation capital reserve	66,542	5,000
Total primary government	4,906,781	6,502,222
Component unit:		
Greensburg Housing Authority	39,061	168,127
Total reporting entity	<u>\$ 4,945,842</u>	<u>\$ 6,670,349</u>

<u>Expenditures</u>	<u>Ending unencumbered cash balance (deficit)</u>	<u>Add outstanding encumbrances and accounts payable</u>	<u>Ending cash balance (deficit)</u>
\$ 997,505	\$ 518,891	\$ 18,078	\$ 536,969
78,828	409,122	1,881	411,003
-	70,658	-	70,658
44,088	162,092	-	162,092
32,315	68,269	1,634	69,903
11,497	276,642	5,287	281,929
73,719	243,049	1,990	245,039
253,822	47,451	77,305	124,756
732,186	-	-	-
250,369	1,757,435	3,231	1,760,666
31,675	9,305	943	10,248
1,324,515	(280,672)	94,412	(186,260)
-	-	-	-
-	2,430	-	2,430
-	10,537	-	10,537
1,128,875	(128,875)	572,865	443,990
1,369,628	798,810	81,546	880,356
185,924	57,145	5,219	62,364
51,751	39,918	1,453	41,371
137,429	124,662	8,966	133,628
168,282	14,218	-	14,218
-	100,000	-	100,000
-	17,920	-	17,920
91,413	26,441	-	26,441
-	28,192	-	28,192
-	71,542	-	71,542
6,963,821	4,445,182	874,810	5,319,992
150,978	56,210	5,453	61,663
<u>\$ 7,114,799</u>	<u>\$ 4,501,392</u>	<u>\$ 880,263</u>	<u>\$ 5,381,655</u>

## CITY OF GREENSBURG, KANSAS

### SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH (CONTINUED)

Year ended December 31, 2011

Composition of cash balance:

Operating checking	\$ 4,321,590
Donation checking	798,965
Energy checking	13,130
Savings	10,591
Contingent fund	1,400
Cash on hand	100
Investments	200,000
Component unit	<u>61,663</u>
Total cash	5,407,439
Agency funds:	
Meter deposits	(22,915)
Sales tax	<u>(2,869)</u>
Total - excluding agency funds	<u><u>\$ 5,381,655</u></u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General	\$ 1,291,360	\$ -	\$ 1,291,360	\$ 997,505	\$ 293,855
Special revenue funds:					
Big well	365,416	-	365,416	78,828	286,588
Fire equipment reserve	70,000	-	70,000	-	70,000
Special highway	180,000	-	180,000	44,088	135,912
Tourism and convention promotion	43,000	-	43,000	32,315	10,685
City tax infrastructure fund	200,000	-	200,000	11,497	188,503
Incubator	300,000	-	300,000	73,719	226,281
Enterprise funds:					
Electric utility	1,518,350	-	1,518,350	1,369,628	148,722
Water utility	192,700	-	192,700	185,924	6,776
Sewage disposal	73,275	-	73,275	51,751	21,524
Sanitation	141,603	-	141,603	137,429	4,174
 Total	 <u>\$ 4,375,704</u>	 <u>\$ -</u>	 <u>\$ 4,375,704</u>	 <u>\$ 2,982,684</u>	 <u>\$ 1,393,020</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## GENERAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Taxes:				
Ad valorem tax	\$ 317,637	\$ 379,585	\$ 379,090	\$ 495
Delinquent tax	6,197	5,551	1,661	3,890
Vehicle taxes	46,691	43,930	50,803	(6,873)
Local sales tax	129,962	103,649	130,000	(26,351)
USDA grant	2,070,617	-	-	-
Connecting links	281	375	250	125
Franchise fees	23,363	23,083	20,000	3,083
Licenses and permits	26,060	26,734	5,000	21,734
Fines - municipal court	30,731	1,864	20,000	(18,136)
Penalties on utility bills	14,249	13,735	7,500	6,235
Swimming pool	6,744	6,434	5,000	1,434
County pool aid	10,000	10,000	10,000	-
Airport	1,151	-	-	-
Interest on idle funds	53,506	35,515	20,000	15,515
Other	4,680	2,073	-	2,073
Transfer from FEMA tornado fund	44,126	-	-	-
Total cash receipts	<u>2,785,995</u>	<u>652,528</u>	<u>\$ 649,304</u>	<u>\$ 3,224</u>
Expenditures:				
General government:				
Personal services	327,083	257,558	\$ 337,500	\$ 79,942
Contractual services	39,440	216,294	365,000	148,706
Economic adjustment assistance grant expense	309,219	12,879	-	(12,879)
Commodities	22,372	23,557	24,000	443
Capital outlay	1,200	70,598	97,500	26,902
Subtotal	<u>699,314</u>	<u>580,886</u>	<u>824,000</u>	<u>243,114</u>
Police department:				
Contractual services	<u>49,244</u>	<u>-</u>	<u>53,000</u>	<u>53,000</u>
Fire department:				
Personal services	9,151	10,647	8,200	(2,447)
Contractual services	13,101	3,759	13,000	9,241
Commodities	3,752	121	200	79
Subtotal	<u>26,004</u>	<u>14,527</u>	<u>21,400</u>	<u>6,873</u>

# CITY OF GREENSBURG, KANSAS

## GENERAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET (CONTINUED)

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Street department:				
Personal services	\$ 145,467	\$ 148,898	\$ 162,100	\$ 13,202
Contractual services	24,349	16,571	26,450	9,879
Commodities	39,519	35,741	34,250	(1,491)
Capital outlay	-	-	25,000	25,000
Subtotal	209,335	201,210	247,800	46,590
Park department:				
Personal services	-	3,532	4,000	468
Contractual services	2,665	3,005	4,300	1,295
Commodities	4,013	7,931	3,500	(4,431)
Capital outlay	-	-	15,000	15,000
Subtotal	6,678	14,468	26,800	12,332
Swimming pool:				
Personal services	27,214	28,358	21,500	(6,858)
Contractual services	6,027	5,160	8,250	3,090
Commodities	6,353	6,890	11,500	4,610
Capital outlay	-	-	13,000	13,000
Subtotal	39,594	40,408	54,250	13,842
Airport:				
Contractual services	2,807	1,666	26,500	24,834
Commodities	488	-	-	-
Subtotal	3,295	1,666	26,500	24,834
Reimbursed expenditures	(12,096)	(9,194)	-	9,194
Transfer to community sign	-	4,040	-	(4,040)
Neighborhood revitalization rebate	112,850	149,494	122,610	(26,884)
Qualifying budget credit from grants and aid	-	-	(85,000)	(85,000)
Total expenditures	1,134,218	997,505	\$ 1,291,360	\$ 293,855
Receipts over (under) expenditures	1,651,777	(344,977)		
Unencumbered cash (deficit), beginning of year	(787,909)	863,868	\$ 642,056	\$ 221,812
Unencumbered cash (deficit), end of year	\$ 863,868	\$ 518,891	\$ -	\$ 518,891

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## BIG WELL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31, 2011			
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Sales tax	\$ 80,794	\$ 87,670	\$ 85,000	\$ 2,670
Merchandise sales and admissions	51,643	30,128	60,000	(29,872)
Other	11,762	13,196	-	13,196
Total cash receipts	<u>144,199</u>	<u>130,994</u>	<u>\$ 145,000</u>	<u>\$ (14,006)</u>
Expenditures:				
Personal services	35,465	34,415	\$ 43,366	\$ 8,951
Contractual services	44,039	18,764	120,050	101,286
Commodities	28,440	25,649	52,000	26,351
Capital outlay	-	-	150,000	150,000
Total expenditures	<u>107,944</u>	<u>78,828</u>	<u>\$ 365,416</u>	<u>\$ 286,588</u>
Receipts over (under) expenditures	36,255	52,166		
Unencumbered cash, beginning of year	<u>320,701</u>	<u>356,956</u>	<u>\$ 241,085</u>	<u>\$ 115,871</u>
Unencumbered cash, end of year	<u>\$ 356,956</u>	<u>\$ 409,122</u>	<u>\$ 20,669</u>	<u>\$ 388,453</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF GREENSBURG, KANSAS**

**FIRE EQUIPMENT RESERVE FUND**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Other	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	-	-	\$ 70,000	\$ 70,000
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	70,658	70,658	\$ 70,658	\$ -
Unencumbered cash, end of year	\$ 70,658	\$ 70,658	\$ 658	\$ 70,000

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## SPECIAL HIGHWAY FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			Variance favorable (unfavorable)
	2010	Actual	Budget	
Cash receipts:				
Special highway payments	\$ 33,285	\$ 25,786	<u>\$ 36,650</u>	<u>\$ (10,864)</u>
Expenditures:				
Commodities	<u>2,615</u>	<u>44,088</u>	<u>\$ 180,000</u>	<u>\$ 135,912</u>
Receipts over (under) expenditures	30,670	(18,302)		
Unencumbered cash, beginning of year	<u>149,724</u>	<u>180,394</u>	<u>\$ 143,535</u>	<u>\$ 36,859</u>
Unencumbered cash, end of year	<u>\$ 180,394</u>	<u>\$ 162,092</u>	<u>\$ 185</u>	<u>\$ 161,907</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## TOURISM AND CONVENTION PROMOTION FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Taxes:				
Transient guest tax	\$ 14,667	\$ 42,226	\$ 33,000	\$ 9,226
Other	3,220	2,036	-	2,036
Total cash receipts	17,887	44,262	\$ 33,000	\$ 11,262
Expenditures:				
Tourism and convention promotion	32,940	32,315	\$ 43,000	\$ 10,685
Receipts over (under) expenditures	(15,053)	11,947		
Unencumbered cash, beginning of year	71,375	56,322	\$ 61,376	\$ (5,054)
Unencumbered cash, end of year	\$ 56,322	\$ 68,269	\$ 51,376	\$ 16,893

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## CITY TAX INFRASTRUCTURE FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Local sales tax	\$ 80,738	\$ 88,670	\$ 85,000	\$ 3,670
Equipment sold	-	74,600	-	74,600
Other	-	5,012	-	5,012
Total cash receipts	80,738	168,282	\$ 85,000	\$ 83,282
Expenditures:				
Contractual services	-	6,210	\$ -	\$ (6,210)
Commodities	-	5,287	-	(5,287)
Capital outlay	103,924	-	200,000	200,000
Total expenditures	103,924	11,497	\$ 200,000	\$ 188,503
Receipts over (under) expenditures	(23,186)	156,785		
Unencumbered cash, beginning of year	143,043	119,857	\$ 118,043	\$ 1,814
Unencumbered cash, end of year	\$ 119,857	\$ 276,642	\$ 3,043	\$ 273,599

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## INCUBATOR FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Federal aid	\$ 1,405	\$ 880	\$ -	\$ 880
Rents	24,087	27,485	24,500	2,985
Total cash receipts	25,492	28,365	\$ 24,500	\$ 3,865
Expenditures:				
Personal services	9,346	8,796	\$ 10,000	\$ 1,204
Contractual services	34,902	60,336	40,000	(20,336)
Commodities	5,854	4,587	6,000	1,413
Capital outlay	-	-	244,000	244,000
Total expenditures	50,102	73,719	\$ 300,000	\$ 226,281
Receipts over (under) expenditures	(24,610)	(45,354)		
Unencumbered cash, beginning of year	313,013	288,403	\$ 288,403	\$ -
Unencumbered cash, end of year	\$ 288,403	\$ 243,049	\$ 12,903	\$ 230,146

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## ELECTRIC UTILITY FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Sales	\$ 1,504,134	\$ 1,468,599	\$ 1,500,000	\$ (31,401)
Security lights	6,776	7,206	4,500	2,706
Other	9,032	4,040	-	4,040
Total cash receipts	<u>1,519,942</u>	<u>1,479,845</u>	<u>\$ 1,504,500</u>	<u>\$ (24,655)</u>
Expenditures:				
Production:				
Personal services	239	-	\$ -	\$ -
Contractual services	15	-	-	-
Commodities	3	-	-	-
Electricity	777,943	792,621	825,500	32,879
Capital outlay	46,297	46,297	-	(46,297)
Transmission and distribution:				
Personal services	242,074	243,882	234,750	(9,132)
Contractual services	81,071	66,578	97,100	30,522
Commodities	39,107	39,274	34,000	(5,274)
Capital outlay	-	-	148,000	148,000
Transfer to electric debt service	160,010	182,500	179,000	(3,500)
Reimbursed expenditures	(191)	(1,524)	-	1,524
Total expenditures	<u>1,346,568</u>	<u>1,369,628</u>	<u>\$ 1,518,350</u>	<u>\$ 148,722</u>
Receipts over (under) expenditures	173,374	110,217		
Unencumbered cash, beginning of year	<u>515,219</u>	<u>688,593</u>	<u>\$ 673,090</u>	<u>\$ 15,503</u>
Unencumbered cash, end of year	<u>\$ 688,593</u>	<u>\$ 798,810</u>	<u>\$ 659,240</u>	<u>\$ 139,570</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## WATER UTILITY FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
	2011			Variance
	2010	Actual	Budget	favorable (unfavorable)
Cash receipts:				
Water sales - meters	\$ 167,910	\$ 236,797	\$ 185,000	\$ 51,797
Water sales - tank	8,109	-	-	-
State water protection fee	1,762	2,358	2,000	358
Total cash receipts	177,781	239,155	\$ 187,000	\$ 52,155
Expenditures:				
Personal services	60,379	36,020	\$ 55,100	\$ 19,080
Contractual services	39,886	43,677	26,900	(16,777)
Commodities	16,702	14,167	6,700	(7,467)
Capital outlay	-	647	1,000	353
Transfer to water principal and interest	93,000	91,413	93,000	1,587
Transfer to water reserve	-	-	10,000	10,000
Total expenditures	209,967	185,924	\$ 192,700	\$ 6,776
Receipts over (under) expenditures	(32,186)	53,231		
Unencumbered cash, beginning of year	36,100	3,914	\$ 10,000	\$ (6,086)
Unencumbered cash, end of year	\$ 3,914	\$ 57,145	\$ 4,300	\$ 52,845

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## SEWAGE DISPOSAL FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Sewer service charges	\$ 48,829	\$ 49,692	\$ 50,000	\$ (308)
Other receipts	1,045	-	-	-
Total cash receipts	<u>49,874</u>	<u>49,692</u>	<u>\$ 50,000</u>	<u>\$ (308)</u>
Expenditures:				
Personal services	47,996	45,592	\$ 51,625	\$ 6,033
Contractual services	4,223	6,080	9,650	3,570
Commodities	1,448	669	7,000	6,331
Capital outlay	-	-	5,000	5,000
Reimbursed expenditures	(100)	(590)	-	590
Total expenditures	<u>53,567</u>	<u>51,751</u>	<u>\$ 73,275</u>	<u>\$ 21,524</u>
Receipts over (under) expenditures	(3,693)	(2,059)		
Unencumbered cash, beginning of year	<u>45,670</u>	<u>41,977</u>	<u>\$ 23,679</u>	<u>\$ 18,298</u>
Unencumbered cash, end of year	<u>\$ 41,977</u>	<u>\$ 39,918</u>	<u>\$ 404</u>	<u>\$ 39,514</u>

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## SANITATION FUND

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

	Year ended December 31,			
		2011		
	2010	Actual	Budget	Variance favorable (unfavorable)
Cash receipts:				
Sanitation service charge	\$ 67,116	\$ 106,968	\$ 50,000	\$ 56,968
Expenditures:				
Personal services	45,267	23,951	\$ 12,000	\$ (11,951)
Contractual services	2,473	107,634	108,000	366
Commodities	7,648	844	16,603	15,759
Transfer to sanitation capital reserve	5,000	5,000	5,000	-
Reimbursed expenditures	(28)	-	-	-
Total expenditures	60,360	137,429	\$ 141,603	\$ 4,174
Receipts over (under) expenditures	6,756	(30,461)		
Unencumbered cash, beginning of year	148,367	155,123	\$ 155,123	\$ -
Unencumbered cash, end of year	\$ 155,123	\$ 124,662	\$ 63,520	\$ 61,142

The accompanying notes are an integral  
part of the financial statements.

# CITY OF GREENSBURG, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - NONBUDGETED FUNDS

Year ended December 31, 2011

	Special revenue			
	FEMA tornado	Tornado donation	Tornado insurance	Energy manager
Cash receipts:				
Federal aid	\$ 132,032	\$ -	\$ 831,915	\$ 8,284
FEMA admin allowance	1,211	-	-	-
FEMA state match	36,477	-	-	-
State loan proceeds	34,497	-	-	-
USDA grant	119,143	-	-	-
USDA loan proceeds	-	-	-	-
Interest on idle funds	-	3,407	20	88
Donations	-	23,367	-	-
Charges for services	-	-	-	-
Transfer from general	-	-	-	-
Transfer from electric utility	-	-	-	-
Transfer from water utility	-	-	-	-
Transfer from sanitation	-	-	-	-
Total cash receipts	<u>323,360</u>	<u>26,774</u>	<u>831,935</u>	<u>8,372</u>
Expenditures:				
General government:				
Personal services	-	500	-	24,507
Contractual services	253,822	731,686	250,369	-
Commodities	-	-	-	7,168
Debt service:				
Bond principal	-	-	-	-
Bond interest	-	-	-	-
Total expenditures	<u>253,822</u>	<u>732,186</u>	<u>250,369</u>	<u>31,675</u>
Receipts over (under) expenditures	69,538	(705,412)	581,566	(23,303)
Unencumbered cash balance (deficit), beginning of year	<u>(22,087)</u>	<u>705,412</u>	<u>1,175,869</u>	<u>32,608</u>
Unencumbered cash balance (deficit), end of year	<u>\$ 47,451</u>	<u>\$ -</u>	<u>\$ 1,757,435</u>	<u>\$ 9,305</u>

The accompanying notes are an integral  
part of the financial statements.

Special revenue					Enterprise	
USDA grant	Community sign	FEMA loan	Planet green donation	Public building - big well	Electric debt service	Electric debt reserve
\$ 1,102,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,000,000	-	-
-	-	-	20	-	-	-
-	-	-	-	-	-	-
-	100	-	-	-	-	-
-	4,040	-	-	-	-	-
-	-	-	-	-	182,500	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,102,831</u>	<u>4,140</u>	<u>-</u>	<u>20</u>	<u>1,000,000</u>	<u>182,500</u>	<u>-</u>
-	-	-	-	-	-	-
1,324,515	-	-	-	1,128,875	-	-
-	-	-	-	-	-	-
-	-	-	-	-	125,000	-
-	-	-	-	-	43,282	-
<u>1,324,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,128,875</u>	<u>168,282</u>	<u>-</u>
(221,684)	4,140	-	20	(128,875)	14,218	-
<u>(58,988)</u>	<u>(4,140)</u>	<u>2,430</u>	<u>10,517</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<u>\$ (280,672)</u>	<u>\$ -</u>	<u>\$ 2,430</u>	<u>\$ 10,537</u>	<u>\$ (128,875)</u>	<u>\$ 14,218</u>	<u>\$ 100,000</u>

# CITY OF GREENSBURG, KANSAS

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - NONBUDGETED FUNDS (CONTINUED)

Year ended December 31, 2011

	Enterprise				
	Water reserve	Water principal and interest	Sewer replacement	Sanitation capital reserve	Total
Cash receipts:					
Federal aid	\$ -	\$ -	\$ -	\$ -	\$ 2,075,062
FEMA admin allowance	-	-	-	-	1,211
FEMA state match	-	-	-	-	36,477
State loan proceeds	-	-	-	-	34,497
Other grants	-	-	-	-	119,143
USDA loan proceeds	-	-	-	-	1,000,000
Interest on idle funds	-	-	-	-	3,535
Donations	-	-	-	-	23,367
Charges for services	-	-	-	-	100
Transfer from general	-	-	-	-	4,040
Transfer from electric utility	-	-	-	-	182,500
Transfer from water utility	-	91,413	-	-	91,413
Transfer from sanitation	-	-	-	5,000	5,000
Total cash receipts	-	91,413	-	5,000	3,576,345
Expenditures:					
General government:					
Personal services	-	-	-	-	25,007
Contractual services	-	-	-	-	3,689,267
Commodities	-	-	-	-	7,168
Debt service:					
Bond principal	-	75,000	-	-	200,000
Bond interest	-	16,413	-	-	59,695
Total expenditures	-	91,413	-	-	3,981,137
Receipts over (under) expenditures	-	-	-	5,000	(404,792)
Unencumbered cash balance (deficit), beginning of year	17,920	26,441	28,192	66,542	2,080,716
Unencumbered cash balance (deficit), end of year	\$ 17,920	\$ 26,441	\$ 28,192	\$ 71,542	\$ 1,675,924

# CITY OF GREENSBURG, KANSAS

## GREENSBURG HOUSING AUTHORITY (A COMPONENT UNIT)

### STATEMENT OF CASH RECEIPTS AND EXPENDITURES

Year ended December 31, 2011

Cash receipts:

Rental assistance	\$ 81,277
Kansas housing development grants	22,917
Rental income	40,203
Laundry and other income	2,237
Tenant charges	19,283
Forfeited security deposits	1,802
Interest income	408

Total cash receipts	<u>168,127</u>
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Expenditures:

Maintenance and operating	26,305
Salaries and payroll taxes	37,434
Administration	7,531
Utilities	36,834
Insurance	18,925
Grant recoupment to KHRC	22,917
Security deposit refunds	1,025
Miscellaneous expense	7

Total expenditures	<u>150,978</u>
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Receipts over (under) expenditures	17,149
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Unencumbered cash, beginning of year	<u>39,061</u>
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Unencumbered cash, end of year	<u><u>\$ 56,210</u></u>
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The accompanying notes are an integral  
part of the financial statements.

## CITY OF GREENSBURG, KANSAS

### SUMMARY OF CASH RECEIPTS AND CASH DISBURSEMENTS - AGENCY FUNDS

Year ended December 31, 2011

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Cash receipts</u>	<u>Cash disbursements</u>	<u>Ending cash balance</u>
Meter deposits	\$ 20,130	\$ 7,500	\$ 4,715	\$ 22,915
Sales tax	3,403	32,924	33,458	2,869
Payroll clearing	-	769,566	769,566	-
Total	<u>\$ 23,533</u>	<u>\$ 809,990</u>	<u>\$ 807,739</u>	<u>\$ 25,784</u>

The accompanying notes are an integral  
part of the financial statements.

**CITY OF GREENSBURG, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**

December 31, 2011

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies applied in the preparation of the accompanying financial statements is presented to assist in understanding the City's financial statements, which are presented in conformity with the cash basis and budget laws of the State of Kansas. The financial statements and notes are representations of the City's management, which is responsible for their integrity and objectivity. The amounts shown for 2010 in the accompanying financial statements are included, where practicable, only to provide a basis for comparison with 2011, and are not intended to present all information necessary for a fair presentation in accordance with the basis of accounting as described below.

**1. Financial reporting entity**

The City of Greensburg is a municipal corporation governed by an elected mayor and five-member Council. The scope of the entity for financial reporting purposes is defined as those funds for which the governing body of the City has financial accountability. Financial accountability includes budgetary authority and fiscal management responsibility. Budgetary authority is defined as authority for final approval of budgetary appropriations and revisions. Fiscal management responsibility is control of the collection and disbursement of funds. These financial statements include all funds included in the City's legally adopted budget. These financial statements present the City of Greensburg and its component units. The component units are included in the City's reporting entity because of the significance of their operational and financial relationship with the City.

**Component units**

*Public Building Commission* (blended component unit): The Commission was authorized by City Ordinance No. 988, pursuant to K.S.A 12-1757 *et. seq.*, and all amendments thereto, and as amended, supplemented and limited by the City of Greensburg, Kansas Charter Ordinance No. 11 establishing the composition thereof and purposes for which established. For financial reporting, the financial activities of the Public Building Commission are accounted for within a non-budgeted special revenue fund.

The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the City.

*Greensburg Housing Authority (discretely presented component unit)*: The Greensburg Housing Authority's governing board is appointed by the City Council. The City does not have the authority to approve or modify the Housing Authority's operational and capital budgets. In addition the Housing Authority is prohibited from issuing bonded debt without approval from the City Council. The City is fiscally responsible for the Housing Authority as it was created as an agent of the City.

Complete financial statements for the Housing Authority may be obtained at:

Greensburg Housing Authority  
d/b/a Kiowa Komotara  
810 South Spruce  
Greensburg, KS 67054

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Fund accounting

The accounts of the City are organized on the basis of funds. A fund is designated as a sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations and constituting an independent fiscal and accounting entity. City resources are allocated to and for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following types of funds comprise the financial activities of the City for the year of 2011:

#### GOVERNMENTAL TYPE FUNDS

##### General Fund

This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

##### Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources other than special assessments or major capital projects that are restricted by law or administrative action to expenditure for specified purposes.

#### PROPRIETARY TYPE FUNDS

##### Enterprise Funds

These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

#### FIDUCIARY TYPE FUNDS

##### Agency Funds

Agency funds account for assets held by the City as an agent for individuals, other units of government and/or other funds.

### 3. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Statutory basis of accounting (continued)

The City has adopted a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

4. Departure from generally accepted accounting principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. A statement of net assets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance is not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences is not presented in the financial statements.

5. Budgetary control and encumbrances

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
- b. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. Budgets were amended for the following funds:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Incubator Fund	\$ 24,313	\$ 300,000
Sanitation Fund	121,603	141,603

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 5. Budgetary control and encumbrances (continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, enterprise reserve funds, and the following special revenue funds:

FEMA tornado	Community sign
Tornado donation	FEMA loan
Tornado insurance	Planet green donation
Energy manager	Public building – big well
USDA grant	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by state statutes, or by the use of internal spending limits established by the governing body.

### 6. Cash and investments

To facilitate better management of the City's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the general fund and other appropriate funds. Investments consist of certificates of deposit reported at cost, which approximates fair value.

### 7. Property taxes

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. Taxes are levied by November 1 and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed to the City by January 20, and the second half is due May 10 and distributed to the City by June 5. The City draws available funds from the County Treasurer's office at designated times throughout the year.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 8. Pension plan

Substantially all full-time employees of the City are members of the State of Kansas Public Employees' Retirement System which is a cost-sharing multiple-employer state-wide pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

### 9. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

### 10. Section 125 plan

The City offers a Section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, other medical costs and child care costs. The plan is administered by the health insurance provider.

### 11. Compensated absences

The City's policy allows vacation time to be accumulated up to twenty days and sick leave to be accumulated up to sixty days. Accumulated vacation time is paid to the employee upon termination or resignation. Accumulated sick leave is not paid upon termination or resignation, except that employees retiring under the Kansas Public Employee Retirement System are eligible to be paid for fifty percent of their accumulated sick leave.

Employees are given an option of accruing compensatory time or being paid for overtime or standby time. Compensatory time can be accrued up to a maximum of twenty days worked or thirty days of compensatory time. Regular full-time or part-time employees may request to be paid for any compensatory time they have available at any regular payroll period. This policy has been temporarily suspended to be in compliance with FEMA payment requirements for employees working on FEMA projects.

### 12. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

## B. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, Kansas Department of Administration, and interpretation by legal representatives of the City.

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in excess of available monies in that fund. Although certain special revenue federal grant funds overspent their cash balances, according to K.S.A. 12-1664 the City is not prohibited from financing the federal share of a local program from current funds if available.

Federal law, which requires that grantee funds be spent before federal reimbursement is requested, takes precedence over state law. The following funds have fund deficits at December 31, 2011, but are not in violation of Kansas statutes:

<u>Fund</u>	<u>Amount</u>
Public Building – Big Well	\$ 128,875
USDA Tornado	280,672

## C. DEPOSITS AND INVESTMENTS

*Policies.* The City has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the City's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the City to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year-end the carrying amount of the City's deposits, including certificates of deposit, was \$5,345,676. The bank balance was \$5,385,480. Of the bank balance, \$452,180 was covered by FDIC insurance and \$4,933,300 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

## D. LONG-TERM DEBT

Changes in long-term liabilities for the entity for the year ended December 31, 2011, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Water refunding series 2002A bonds					
Issued August 12, 2002					
In the amount of \$845,000					
At interest rates of 3.00% to 4.40%					
Maturing October 1, 2015	\$ 365,000	\$ -	\$ 70,000	\$ 295,000	\$ 15,363
Water improvements series 2002B bonds					
Issued August 12, 2002					
In the amount of \$80,000					
At interest rates of 3.00% to 4.40%					
Maturing October 1, 2015	<u>25,000</u>	<u>-</u>	<u>5,000</u>	<u>20,000</u>	<u>1,050</u>
	<u>390,000</u>	<u>-</u>	<u>75,000</u>	<u>315,000</u>	<u>16,413</u>
Revenue bonds:					
Electric utility system					
Issued June 1, 2001					
In the amount of \$1,800,000					
At interest rates of 3.75% to 5.50%					
Maturing June 1, 2016	855,000	-	125,000	730,000	43,283
Public building commission					
Issued November 22, 2011					
In the amount of \$1,000,000					
At interest rate of 3.75%					
Maturing November 22, 2041	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
	<u>855,000</u>	<u>1,000,000</u>	<u>125,000</u>	<u>1,730,000</u>	<u>43,283</u>
Loan from State of Kansas:					
15% share of local assistance projects *	<u>2,040,282</u>	<u>34,497</u>	<u>-</u>	<u>2,074,779</u>	<u>-</u>
Community disaster loan from Federal Emergency Management Agency, interest rate at 4%**	<u>975,607</u>	<u>35,061</u>	<u>1,010,668</u>	<u>-</u>	<u>-</u>
Capital leases:					
Electric system					
Dated April 1, 2006					
In the amount of \$202,500					
At interest rate of 4.9%					
Maturing April 1, 2011	<u>44,134</u>	<u>-</u>	<u>44,134</u>	<u>-</u>	<u>2,163</u>
Compensated absences:					
Vacation and sick leave	<u>69,891</u>	<u>-</u>	<u>17,278</u>	<u>52,613</u>	<u>-</u>
Total long-term debt	<u>\$4,374,914</u>	<u>\$1,069,558</u>	<u>\$1,272,080</u>	<u>\$4,172,392</u>	<u>\$ 61,859</u>

\* Memorandum of understanding signed with the State of Kansas is to provide funding for the 15% local match required by FEMA projects. The interest rate and repayment schedule will be determined at a future date.

\*\* In 2012, the City received notification that the full amount payable to FEMA including interest has been cancelled, as the loan amount drawn was attributed to disaster related losses and unreimbursed disaster related expenses.

Current maturities of general obligation bonds and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 75,000	\$ 13,405	\$ 88,405
2013	75,000	10,330	85,330
2014	80,000	7,180	87,180
2015	<u>85,000</u>	<u>3,740</u>	<u>88,740</u>
Total	<u>\$ 315,000</u>	<u>\$ 34,655</u>	<u>\$ 349,655</u>

#### D. LONG-TERM DEBT (CONTINUED)

Current maturities of the revenue bonds and interest for the next five years and in five year increments through maturity are as follows:

	Principal due	Interest due	Total due
2012	\$ 148,588	\$ 74,075	\$ 222,663
2013	154,285	66,091	220,376
2014	165,008	57,668	222,676
2015	175,758	48,667	224,425
2016	186,537	39,089	225,626
2017-2021	120,420	160,017	280,437
2022-2026	144,757	135,680	280,437
2027-2031	174,012	106,425	280,437
2032-2036	209,180	71,257	280,437
2037-2041	251,455	28,986	280,441
Total	<u>\$ 1,730,000</u>	<u>\$ 787,955</u>	<u>\$ 2,517,955</u>

#### Revenue bond disclosures

Revenue bond ordinances provide for deposits to (a) principal and interest accounts each year to provide for the payment of principal and interest on the bonds as they become due and payable and (b) a reserve account to be used for operations, maintenance, repairs and improvements of the system, early redemption of the bonds or for transfer to any other lawful fund of the City.

**Series 2001 Electric Utility System.** During the year ended December 31, 2011, the Series 2001 Electric Utility System made principal payments of \$125,000 and interest payments of \$43,283. The number of customers served by the system at the beginning and end of the fiscal year were 562 and 558 respectively.

The rate covenant of Series 2001 Electric Utility System in Article VIII, Section 802 stipulates that net revenues of the Electric Fund should not be less than 120% of the debt service requirements in a fiscal year. For the year ended December 31, 2011, the net revenue was \$292,717, which was \$90,777 in excess of the required net revenue.

**Water Refunding Series 2002A Bonds .** During the year ended December 31, 2011, the Water Refunding Series 2002A Bonds made principal payments of \$70,000 and interest payments of \$15,363. The number of customers served by the system at the beginning and end of the fiscal year was 420.

The rate covenant of the Water Refunding Series 2002A Bonds in Article X, Section 1002 stipulates that net revenues of the Water Fund should not be less than 100% of the debt service requirements in a fiscal year. For the year ended December 31, 2011, the net revenue was \$144,643, which was \$59,280 in excess of the required net revenue.

#### E. RELATED PARTIES CAPITAL LEASE

On November 22, 2011, the City of Greensburg entered into a lease purchase agreement with the City of Greensburg Public Building Commission, a component unit of the City of Greensburg, for the lease of a building for the purpose of operating the Big Well Museum and Gift Shop. The agreement calls for basic rental payments of \$56,088, with payments due annually starting in 2012 and ending in 2041. These rental payments will be used to pay the Public Building Commission revenue bonds (shown in Note D) as they mature. The agreement also calls for additional rent payments of \$5,609, with payments due annually starting in 2012 and ending in 2021. According to Article XVIII of the agreement, the City of Greensburg may elect to exercise their right to purchase the property at any time during the term of the lease. The purchase price shall be the sum the unpaid rent, unpaid additional rent plus \$100 plus closing costs.

#### F. INTERFUND TRANSFERS

A summary of interfund transfers by type is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Operating transfers:			
Electric utility	Electric debt service	\$ 182,500	K.S.A. 10-1204
Water utility	Water principal and interest	91,413	K.S.A. 10-1204
Sanitation	Sanitation capital reserve	5,000	K.S.A. 12-825d
General	Community sign	<u>4,040</u>	K.S.A. 12-101a
		<u>\$ 282,953</u>	

#### G. DEFINED BENEFIT PENSION PLAN

*Plan description.* The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% for Tier 1 employees (generally active members prior to July 1, 2009) and 6% for Tier 2 employees (generally active members on or after July 1, 2009) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for 2011 was 7.74%. From April through June there was a moratorium on the 1.00% group health and disability insurance, so the rate for those months was 6.74%. The City contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$41,416, \$43,974, and \$44,391, respectively, equal to the required contributions for each year.

## H. CONDUIT DEBT

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying footnotes.

At December 31, 2011, there was one Industrial Revenue Bond issue outstanding with principal amounts payable of \$510,000.

## I. CAPITAL PROJECTS

As of December 31, 2011, the City had the following commitments with respect to unfinished capital projects:

<u>Project</u>	<u>Project commitments authorized</u>	<u>Expenditures to date</u>	<u>Remaining financial commitment</u>
Big Well	\$ 3,928,957	\$ 2,102,475	\$ 1,826,482
Water Treatment Facility	3,483,000	289,758	3,193,242
Industrial Park	<u>1,936,255</u>	<u>1,898,414</u>	<u>37,841</u>
	<u>\$ 9,348,212</u>	<u>\$ 4,290,647</u>	<u>\$ 5,057,565</u>

The remaining financial commitment will be funded as follows:

- Big Well – Community Facility Grant and Economic Improvement Grant
- Water Treatment Facility – See Note K
- Industrial Park – Community Facility Grant

## J. CONTINGENCIES

As of January 17, 2012, the Federal Emergency Management Agency (FEMA) audited public assistance funds awarded to the City. The audit period covered May 4, 2007 to January 17, 2012. FEMA selected a sample of projects awarded that covered 61% of the total funds awarded. The audit resulted in \$609,351 of unsupported contract costs under one large project. FEMA contends that the invoices that supported these costs did not include sufficient documentation such as material stock records. The City and Kansas Department of Emergency Management are disputing the finding and believe there is adequate documentation to support the costs.

## K. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 21, 2012, the date on which the financial statements were available to be used. Management's evaluation concluded that there is one subsequent event that is required to be disclosed in these financial statements.

The City issued temporary notes in the amount of \$1,715,000 on March 15, 2012. The notes will provide temporary financing of the water treatment facility and will be financed through the USDA once the project is complete. Additional funds from a USDA grant of \$1,530,000 and \$238,000 from the City will also be used to fund the project, estimated to cost \$3,483,000.

## **APPENDICES**

*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

1100 W. Frontview  
P. O. Box 1477  
Dodge City, Kansas 67801  
Tel. (620) 227-3135  
Fax (620) 227-2308  
www.kmc-cpa.com

JAMES W. KENNEDY, CPA  
JAMES R. SHIRLEY, CPA  
LU ANN WETMORE, CPA  
ROBERT C. NEIDHART, CPA  
PATRICK M. FRIESS, CPA  
JOHN W. HENDRICKSON, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor  
and City Council  
Greensburg, Kansas

We have audited the financial statements of the City of Greensburg, Kansas as of and for the year ended December 31, 2011, and have issued our report thereon dated August 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City of Greensburg, Kansas's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*A deficiency in internal control exists* when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described as items 2011-01 and 2011-02 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Greensburg, Kansas's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Greensburg, Kansas's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Mayor, City Council, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Kennedy McKee & Company LLP*

August 21, 2012

*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

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Dodge City, Kansas 67801  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor  
and City Council  
Greensburg, Kansas

***Compliance***

We have audited the compliance of the City of Greensburg, Kansas with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Greensburg, Kansas's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City of Greensburg, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

## ***Internal Control Over Compliance***

Management of City of Greensburg, Kansas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Greensburg, Kansas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Greensburg, Kansas's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, City Council, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Kennedy McKee & Company LLP*

August 21, 2012

# CITY OF GREENSBURG, KANSAS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2011

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Expenditures
Department of Homeland Security/ Passed through Kansas Emergency Management/ Public Assistance Grants		
PW-113 Big Well - Building	97.036	\$ 108,714
PW-399 Electrical Permanent	97.036	<u>23,061</u>
		<u>131,775</u>
U.S. Department of Commerce Economic Adjustment Assistance Grant to Rebuild Mainstreet	11.307	<u>12,879</u>
U.S. Department of Agriculture Water and Waste Disposal Systems for Rural Communities - Direct Loan	10.760	51,758
Community Facility Grant for City Hall	10.766	10,792
Community Facility Grant for Street Repairs	10.766	220,158
Community Facility Grant for Business Park	10.766	1,064,781
Community Facility Loan (Public Building Comm)	10.766	960,532
Community Facility Grant (Public Building Comm)	10.766	168,343
Rural Business Enterprise Grant	10.769	<u>881</u>
		<u>2,477,245</u>
U.S. Department of Energy Passed through Kansas Corporation Commission: Energy Efficiency and Conservation Block Grant Program - ARRA	81.128	<u>31,675</u>
Total federal awards		<u><u>\$ 2,653,574</u></u>

Note1: The schedule of expenditures of federal awards was prepared using the modified accrual basis of accounting in conformity with the cash basis and budget laws of the State of Kansas.

# CITY OF GREENSBURG, KANSAS

## SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year ended December 31, 2011

<u>Federal grantor/ pass-through grantor/ program title</u>	<u>Federal CFDA number</u>	<u>Expenditures</u>
Department of Homeland Security/ Passed through Kansas Emergency Management/ Public Assistance Grants		
PW-113 Big Well - Building	97.036	\$ 33,366
PW-399 Electrical Permanent	97.036	<u>3,075</u>
Total state awards		<u><u>\$ 36,441</u></u>

Note1: The schedule of expenditures of state awards was prepared using the modified accrual basis of accounting in conformity with the cash basis and budget laws of the State of Kansas.

**THE CITY OF GREENSBURG, KANSAS  
GREENSBURG, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended December 31, 2011

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Greensburg, Kansas.
2. There were two significant deficiencies disclosed during the audit of the financial statements and reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City of Greensburg, Kansas which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies relating to the audit of internal control over major federal programs were reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Greensburg, Kansas expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:
  - Community Facility Grant for City Hall (CFDA #10.766)
  - Community Facility Grant for Street Repairs (CFDA #10.766)
  - Community Facility Grant for Business Park (CFDA #10.766)
  - Community Facility Loan for Big Well (CFDA #10.766)
  - Community Facility Grant for Big Well (CFDA #10.766)
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The City of Greensburg, Kansas did not qualify as a low-risk auditee.

**THE CITY OF GREENSBURG, KANSAS  
GREENSBURG, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended December 31, 2011

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**2011-01: Credit Card Support**

Condition: While performing the credit card walkthrough we noted that there was not proper support attached to credit card statements.

Criteria: Credit card statements should have proper supporting documentation attached in order to validate purchases.

Effect: The City has no way to determined if charges are appropriate or accurately classified.

Cause: The City failed to follow its policy requiring support for all credit card purchases.

Recommendation: We recommend that receipts for all credit card purchases be attached to the credit card statements in order to substantiate the charges.

Grantee response: We concur with the recommendation. We will be diligent in our efforts to collect receipts for credit card purchases.

**2011-02: Month End Journal Entries**

Condition: The November "Billing Update Distribution Totals – Cash Basis" report was not printed and posted to the General Ledger.

Criteria: The City must make all month end journal entries to ensure that the financial statements are accurate.

Effect: Several accounts were misstated in the utility funds.

Cause: The procedures to post month end journal entries were not followed.

Recommendation: We recommend that controls be put in place to ensure that all month end journal entries are properly recorded.

Grantee response: We concur with the recommendation. We will review month end journal entries to ensure that all entries are properly recorded.

**THE CITY OF GREENSBURG, KANSAS  
GREENSBURG, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended December 31, 2011

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS**

None Noted

**THE CITY OF GREENSBURG, KANSAS  
GREENSBURG, KANSAS**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

Year ended December 31, 2011

2010-03: Community Facility Grant  
Grant Period: Year Ended December 31, 2010

Condition: An expenditure test was performed to determine that internal controls over the federal program were operating effectively and to test compliance with allowable costs. We noted that one progress billing from a construction company was certified incorrectly and the balance to finish, plus retainage was paid rather than the amount due on the progress billing. This resulted in an overpayment to the contractor.

Recommendation: We recommend that City personnel review vendor invoices for accuracy and make any necessary changes to ensure the correct amount is paid.

Current Status: No similar findings were noted in the current year.



## **CORRECTIVE ACTION PLAN**

August 21, 2012

City of Greensburg, Kansas respectfully submits the following corrective action plan for the year ended December 31, 2011.

### **Name and address of independent public accounting firm:**

Kennedy McKee and Company LLP  
P.O. Box 1477  
Dodge City, Kansas 67801

**Audit period:** January 1, 2011 through December 31, 2011

The findings from the December 31, 2011 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

### **FINDINGS - Financial Statements Audit**

#### **SIGNIFICANT DEFICIENCY**

2011-01: Credit Card Support

Condition: While performing the credit card walkthrough we noted that there was not proper support attached to credit card statements.

Criteria: Credit card statements should have proper supporting documentation attached in order to validate purchases.

Effect: The City has no way to determine if charges are appropriate or accurately classified.

Cause: The City failed to follow its policy requiring support for all credit card purchases.

Recommendation: We recommend that receipts for all credit card purchases be attached to the credit card statements in order to substantiate the charges.

Grantee response: We concur with the recommendation. We will be diligent in our efforts to collect receipts for credit card purchases.

**FINDINGS - Financial Statements Audit (continued)**

**SIGNIFICANT DEFICIENCY**

2011-02: Month End Journal Entries

Condition: The November "Billing Update Distribution Totals - Cash Basis" report was not printed and posted to the General Ledger.

Criteria: The City must make all month end journal entries to ensure that the financial statements are accurate.

Effect: Several accounts were misstated in the utility funds.

Cause: The procedures to post month end journal entries were not followed.

Recommendation: We recommend that controls be put in place to ensure that all month end journal entries are properly recorded.

Grantee response: We concur with the recommendation. We will review month end journal entries to ensure that all entries are properly recorded.

If the Oversight Agency has questions regarding this plan, please call the City Administrator at (620) 723-1001.

Sincerely yours,



City Administrator

FORM **SF-SAC**  
(5-18-2010)U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU  
ACTING AS COLLECTING AGENT FOR  
OFFICE OF MANAGEMENT AND BUDGET**Data Collection Form for Reporting on  
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS  
for Fiscal Year Ending Dates in 2010, 2011, or 2012**

▶ Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**PART I****GENERAL INFORMATION (To be completed by auditee, except for Items 6, 7, and 8)**

<b>1.</b> Fiscal period ending date for this submission Month    Day    Year 12    /    31    /    2011	<b>2.</b> Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	<b>3.</b> Audit period covered 1 <input checked="" type="checkbox"/> Annual    3 <input type="checkbox"/> Other —    Months 2 <input type="checkbox"/> Biennial
---	---	---

**4. Auditee Identification Numbers****a.** Primary Employer Identification Number (EIN)

4 8 — 6 0 0 7 1 1 7

**b.** Are multiple EINs covered in this report? 1 ☐ Yes    2 ☒ No**c.** If Part I, Item 4b = "Yes," complete Part I, Item 4c on the continuation sheet on Page 4.**d.** Data Universal Numbering System (DUNS) Number

0 4 — 4 4 9 — 7 5 6 8

**e.** Are multiple DUNS covered in this report? 1 ☐ Yes    2 ☒ No**f.** If Part I, Item 4e = "Yes," complete Part I, Item 4f on the continuation sheet on Page 4.**5. AUDITEE INFORMATION****a.** Auditee name

CITY OF GREENSBURG, KANSAS

**b.** Auditee address (Number and street)

300 SOUTH MAIN

City

GREENSBURG

State

KS

ZIP + 4 Code

6

7

0

5

4

—

**c.** Auditee contact

Name

ED TRUELOVE

Title

CITY ADMINISTRATOR

**d.** Auditee contact telephone

(620 ) 723 — 1001

**e.** Auditee contact FAX

(620 ) 723 — 2644

**f.** Auditee contact E-mail

ADMINISTRATOR@GREENSBURGKS.ORG

**6. PRIMARY AUDITOR INFORMATION**

(To be completed by auditor)

**a.** Primary auditor name

KENNEDY MCKEE &amp; COMPANY LLP

**b.** Primary auditor address (Number and street)

1100 W. FRONTVIEW, P.O. BOX 1477

City

DODGE CITY

State

KS

ZIP + 4 Code

6

7

8

0

1

—

1

4

7

7

**c.** Primary auditor contact

Name

JAMES W. KENNEDY

Title

PARTNER

**d.** Primary auditor contact telephone

(620 ) 227 — 3135

**e.** Primary auditor contact FAX

(620 ) 227 — 2308

**f.** Primary auditor contact E-mail

JKENNEDY@KMC-CPA.COM

**g. AUDITEE CERTIFICATION STATEMENT** — This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

**g. AUDITOR STATEMENT** — The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9g, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and **is not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Auditee certification Date

**ELECTRONICALLY CERTIFIED**

9/5/2012

Name of certifying official

E. R. TRUELOVE

Title of certifying official

CITY ADMINISTRATOR

**7a. Add Secondary auditor information? (Optional)**1 ☐ Yes    2 ☒ No**b.** If "Yes," complete **Part I, Item 8** on the continuation sheet on page 5.

Auditor certification Date

**ELECTRONICALLY CERTIFIED**

9/5/2012

**PART II****FINANCIAL STATEMENTS (To be completed by auditor)****1. Type of audit report**

Mark either: 1 ☒ Unqualified opinion **OR**  
 any combination of: 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion

**2. Is a "going concern" explanatory paragraph included in the audit report?**1 ☐ Yes 2 ☒ No**3. Is a significant deficiency disclosed?**1 ☒ Yes 2 ☐ No**4. Is a material weakness disclosed?**1 ☐ Yes 2 ☒ No**5. Is a material noncompliance disclosed?**1 ☐ Yes 2 ☒ No**PART III****FEDERAL PROGRAMS (To be completed by auditor)****1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 13)**1 ☐ Yes 2 ☒ No**2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § .526(b))**

\$ 300,000

**3. Did the auditee qualify as a low-risk auditee? (§ .530)**1 ☐ Yes 2 ☒ No**4. Is a significant deficiency disclosed for any major program? (§ .510(a)(1))**1 ☐ Yes 2 ☒ No**5. Is a material weakness disclosed for any major program? (§ .510(a)(1))**1 ☐ Yes 2 ☒ No**6. Are any known questioned costs reported? (§ .510(a)(3) or (4))**1 ☐ Yes 2 ☒ No**7. Were Prior Audit Findings related to **direct** funding shown in the Summary Schedule of Prior Audit Findings? (§ .315(b))**1 ☒ Yes 2 ☐ No**8. Indicate which **Federal** agency(ies) have current year audit findings related to **direct** funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to **direct** funding. (Mark (X) all that apply or None)**98 ☐ U.S. Agency for International Development10 ☒ Agriculture23 ☐ Appalachian Regional Commission11 ☐ Commerce94 ☐ Corporation for National and Community Service12 ☐ Defense84 ☐ Education81 ☐ Energy66 ☐ Environmental Protection Agency39 ☐ General Services Administration93 ☐ Health and Human Services97 ☐ Homeland Security14 ☐ Housing and Urban Development03 ☐ Institute of Museum and Library Services15 ☐ Interior16 ☐ Justice17 ☐ Labor09 ☐ Legal Services Corporation43 ☐ National Aeronautics and Space Administration89 ☐ National Archives and Records Administration05 ☐ National Endowment for the Arts06 ☐ National Endowment for the Humanities47 ☐ National Science Foundation07 ☐ Office of National Drug Control Policy59 ☐ Small Business Administration96 ☐ Social Security Administration19 ☐ U.S. Department of State20 ☐ Transportation21 ☐ Treasury64 ☐ Veterans Affairs00 ☐ None☐ Other - Specify:

**PART III FEDERAL PROGRAMS - Continued****9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

CFDA Number		Research and development (c)	A R R A <sup>3</sup> (d)	Name of Federal program (e)	Amount expended (f)	Direct award (g)	Major program		Type(s) of compliance requirement(s) <sup>5</sup> (a)	Audit finding reference number(s) <sup>6</sup> (b)
Federal Agency Prefix <sup>1</sup> (a)	Extension <sup>2</sup> (b)						Major program (h)	If yes, type of audit report <sup>4</sup> (i)		
9	7 .036	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	PUBLIC ASSISTANCE GRANTS	\$ 131,775 .00	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
1	1 .307	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	ECONOMIC ADJUSTMENT ASSISTANCE GRANT	\$ 12,879 .00	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
1	0 .760	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	WATER AND WASTE DISPOSAL SYSTEMS FOR RURAL COMMUNITIES - DIRECT LOAN	\$ 51,758 .00	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
1	0 .766	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	COMMUNITY FACILITY GRANT AND LOAN	\$ 2,424,606 .00	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	U	O	N/A
1	0 .769	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	RURAL BUSINESS ENTERPRISE GRANT	\$ 881 .00	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
8	1 .128	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input checked="" type="checkbox"/> Y 2 <input type="checkbox"/> N	ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT	\$ 31,675 .00	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input checked="" type="checkbox"/> N		O	N/A
	.	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N		\$ .00	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N			
	.	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N		\$ .00	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N			
	.	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N		\$ .00	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N			
	.	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N		\$ .00	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N	1 <input type="checkbox"/> Y 2 <input type="checkbox"/> N			
<b>TOTAL FEDERAL AWARDS EXPENDED</b>					<b>\$ 2,653,574 .00</b>					

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)<sup>3</sup> American Recovery and Reinvestment Act of 2009 (ARRA).<sup>4</sup> If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.<sup>5</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § .510(a)) reported for each Federal program.

- A. Activities allowed or unallowed  
B. Allowable costs/cost principles  
C. Cash management  
D. Davis – Bacon Act

- E. Eligibility  
F. Equipment and real property management  
G. Matching, level of effort, earmarking  
H. Period of availability of Federal funds

- I. Procurement and suspension and debarment  
J. Program income  
K. Real property acquisition and relocation assistance

- L. Reporting  
M. Subrecipient monitoring  
N. Special tests and provisions  
O. None  
P. Other

<sup>6</sup> N/A for NONE

## PART I

### Item 5 Continuation Sheet

**c.** List the multiple Employer Identification Numbers (EINs) covered in this report.

**f.** List the multiple DUNS covered in the report.

1	N	L	A							21		-								41		-								1	N	L	A							21		-							
2		-								22		-								42		-								2		-								22		-							
3		-								23		-								43		-								3		-								23		-							
4		-								24		-								44		-								4		-								24		-							
5		-								25		-								45		-								5		-								25		-							
6		-								26		-								46		-								6		-								26		-							
7		-								27		-								47		-								7		-								27		-							
8		-								28		-								48		-								8		-								28		-							
9		-								29		-								49		-								9		-								29		-							
10		-								30		-								50		-								10		-								30		-							
11		-								31		-								51		-								11		-								31		-							
12		-								32		-								52		-								12		-								32		-							
13		-								33		-								53		-								13		-								33		-							
14		-								34		-								54		-								14		-								34		-							
15		-								35		-								55		-								15		-								35		-							
16		-								36		-								56		-								16		-								36		-							
17		-								37		-								57		-								17		-								37		-							
18		-								38		-								58		-								18		-								38		-							
19		-								39		-				</																																	

**PART I****GENERAL INFORMATION - Continued****8.** Part I, Item 8, Secondary Auditor's Contact Information. *(List the Secondary Auditor's Contact information)*

<b>1. a.</b> Secondary Auditor name N / A	<b>2. a.</b> Secondary Auditor name	<b>3. a.</b> Secondary Auditor name
<b>b.</b> Secondary Auditor address <i>(Number and street)</i>	<b>b.</b> Secondary Auditor address <i>(Number and street)</i>	<b>b.</b> Secondary Auditor address <i>(Number and street)</i>
City	City	City
State ZIP + 4 Code	State ZIP + 4 Code	State ZIP + 4 Code
<b>c.</b> Secondary Auditor contact Name	<b>c.</b> Secondary Auditor contact Name	<b>c.</b> Secondary Auditor contact Name
Title	Title	Title
<b>d.</b> Secondary Auditor contact telephone ( ) -	<b>d.</b> Secondary Auditor contact telephone ( ) -	<b>d.</b> Secondary Auditor contact telephone ( ) -
<b>e.</b> Secondary Auditor contact FAX ( ) -	<b>e.</b> Secondary Auditor contact FAX ( ) -	<b>e.</b> Secondary Auditor contact FAX ( ) -
<b>f.</b> Secondary Auditor contact E-mail	<b>f.</b> Secondary Auditor contact E-mail	<b>f.</b> Secondary Auditor contact E-mail
<b>4. a.</b> Secondary Auditor name	<b>5. a.</b> Secondary Auditor name	<b>6. a.</b> Secondary Auditor name
<b>b.</b> Secondary Auditor address <i>(Number and street)</i>	<b>b.</b> Secondary Auditor address <i>(Number and street)</i>	<b>b.</b> Secondary Auditor address <i>(Number and street)</i>
City	City	City
State ZIP + 4 Code	State ZIP + 4 Code	State ZIP + 4 Code
<b>c.</b> Secondary Auditor contact Name	<b>c.</b> Secondary Auditor contact Name	<b>c.</b> Secondary Auditor contact Name
Title	Title	Title
<b>d.</b> Secondary Auditor contact telephone ( ) -	<b>d.</b> Secondary Auditor contact telephone ( ) -	<b>d.</b> Secondary Auditor contact telephone ( ) -
<b>e.</b> Secondary Auditor contact FAX ( ) -	<b>e.</b> Secondary Auditor contact FAX ( ) -	<b>e.</b> Secondary Auditor contact FAX ( ) -
<b>f.</b> Secondary Auditor contact E-mail	<b>f.</b> Secondary Auditor contact E-mail	<b>f.</b> Secondary Auditor contact E-mail